

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)

FUNDING SUMMARY

Applicant:	Long Valley Health Center, Inc. ("LVHC")	Amount Requested:	Not to exceed \$100,000
Applicant Address:	50 Branscomb Road Laytonville, CA 95454 Mendocino County	Resolution Number:	2008-19
Date Requested:	August 14, 2008	Loan Term:	No later than 45 days following the adoption of a 2008-2009 budget by the State of California

Background of Financing: Many community clinics are facing unanticipated and staggering financial burdens associated with the current State budget impasse and delayed Medi-Cal reimbursements; hence, they are not receiving their regular Medi-Cal reimbursements. Consequently, LVHC is seeking funding to bridge this financial gap in order to finance vital health services for its communities.

Purpose: Loan proceeds will be used to offset Medi-Cal reimbursements delays due to the State's budget impasse.

Financial Overview: LVHC was founded in 1978. In FY 2007, LVHC experienced a moderate operating loss of \$3,873 as a result of an increase in lab fees, supplies and salaries. Similarly, in FY 2006, LVHC operated with a loss of \$8,950 as a consequence of losing a dental provider. LVHC's proforma current ratio is a satisfactory 1.35x. Additionally, LVHC's debt service coverage of 1.58x exceeds CHFFA's minimum requirements of 1.10x. This financing is expected to help sustain LVHC's operations until the State budget is passed.

- Financing Structure:**
- The entire loan balance shall be repaid in full no later than 45 days following the adoption of a 2008-2009 budget by the State of California.
 - Loan proceeds are to be disbursed on an as-needed basis in a total amount not to exceed the LVHC's third-party-approved Medi-Cal claim.
 - Loan origination fee of 1.25% and 0% interest rate.
 - Lien on gross revenues.
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- Due Diligence:**
- Due diligence of the following items has been completed or will be completed prior to closing:
- Religious Due Diligence
 - Legal Review
 - Community Service Obligation
 - CEQA/Seismic/Pass through (Not required)
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Staff Recommendation: Staff recommends the Authority approve a Resolution in an amount not to exceed \$100,000 for Long Valley Health Center, Inc. subject to financing terms acceptable to the Authority.

Long Valley Health Center, Inc.
Statement of Activities

	For the Year Ended June 30		
	2007	2006	2005
Support & Revenue:			
Patient service revenue, net	\$ 1,643,144	\$ 1,585,380	\$ 1,566,307
Grant and contracts	683,431	701,278	689,633
Contributions and donations	9,234	10,849	-
Other	19,745	9,930	17,271
Total support & revenue	<u>2,355,554</u>	<u>2,307,437</u>	<u>2,273,211</u>
Expenses:			
Salaries and benefits	1,664,273	1,588,596	1,505,348
Other	312,451	305,570	303,383
Supplies	197,528	199,644	138,610
Contractual services	59,856	59,913	24,260
Depreciation	52,489	62,958	63,049
Space costs	28,800	27,925	26,340
Pass-through grants	25,200	50,002	50,000
Insurance	13,255	15,431	15,017
Equipment	4,782	2,679	3,882
Interest	793	3,669	11,890
Total expenses	<u>2,359,427</u>	<u>2,316,387</u>	<u>2,141,779</u>
Change in unrestricted net assets	<u>(3,873)</u>	<u>(8,950)</u>	<u>131,432</u>
Temporarily restricted net assets:			
Grants	40,000	20,000	56,446
Net assets released from restriction	(36,667)	(27,760)	(95,353)
Decrease in temporarily restricted assets	<u>3,333</u>	<u>(7,760)</u>	<u>(38,907)</u>
Change in temporarily restricted net assets	<u>(540)</u>	<u>(16,710)</u>	<u>92,525</u>
Net assets, beginning of the period	1,294,335	1,311,045	1,218,520
Net assets, end of period	<u>\$ 1,293,795</u>	<u>\$ 1,294,335</u>	<u>\$ 1,311,045</u>

Long Valley Health Center, Inc.
Statement of Financial Position

	As of June 30,		
	2007	2006	2005
Assets:			
Current assets:			
Cash and cash equivalents	\$ 303,469	\$ 307,878	\$ 456,866
Patient fees receivables, net	133,055	126,068	153,849
Grants and contracts receivables	45,765	63,124	40,361
Third-party payor receivable	54,328	26,922	164,048
Inventory	44,517	62,652	66,807
Prepaid assets	31,425	42,158	26,387
Total current assets	<u>612,559</u>	<u>628,802</u>	<u>908,318</u>
Property and equipment	925,293	971,119	1,017,598
Assets-limited-as-to-use	257,347	257,347	-
Total non-current assets	<u>1,182,640</u>	<u>1,228,466</u>	<u>1,925,916</u>
 Total assets	 <u>1,795,199</u>	 <u>1,857,268</u>	 <u>1,925,916</u>
Liabilities and Net Assets:			
Current liabilities:			
Accounts payable	\$ 33,659	\$ 57,003	\$ 42,044
Payroll and related liabilities	131,034	136,643	174,751
Estimated third-party payor liability	257,347	257,347	257,347
Bonds payable-current portion	31,148	30,229	31,853
Total current liabilities	<u>453,188</u>	<u>481,222</u>	<u>505,995</u>
Long-term debt, net of current portion	48,216	81,711	108,876
Total liabilities	<u>501,404</u>	<u>562,933</u>	<u>614,871</u>
Unrestricted net assets	1,287,128	1,291,002	1,299,952
Temporarily restricted	6,667	3,333	11,093
Total net assets	<u>\$ 1,293,795</u>	<u>\$ 1,294,335</u>	<u>\$ 1,311,045</u>
 Total liabilities and net assets	 <u>\$ 1,795,199</u>	 <u>\$ 1,857,268</u>	 <u>\$ 1,925,916</u>

Financial Ratios:

	Proforma (a)			
	FYE June, 2007			
Debt service coverage (x)	<u>1.58</u>	1.58	1.62	2.22
Debt/Unrestricted Net Assets (x)	<u>0.14</u>	0.06	0.09	0.11
Current Ratio (x)		1.35	1.31	1.80
Margin (%)		-0.16%	-0.39%	5.78%

(a) Recalculates 2007 audited results to include the impact of this proposed financing.